

Message Text

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SUBJECT: BUSINESS CONSULTATION PROGRAM

REF: STATE 104370; CARACAS 5036

1. THE BEST MAJOR PROJECT PROSPECT IN VENEZUELA AT THE MOMENT TO WHICH THE BUSINESS CONSULTATION PROGRAM APPLICABLE IS THE GOVERNMENT OF VENEZUELA'S SHIP BUILDING PROJECT. THIS PROGRAM ENVISAGES THE BUILDING AND EQUIPPING OF TWO MAJOR SHIPYARDS BY 1979 FOR THE CONSTRUCTION OF 60,000 - 80,000 DWT TYPES OF OIL TANKERS AND 12,000 - 16,000 DWT FREIGHTERS. WHILE VENEZUELA IS INTERESTED IN ENTERING INTO AN INTERNATIONAL MARKET, THE PROJECT'S PLANNERS ESTIMATE THAT AT LEAST THE FIRST 20 YEARS' CONSTRUCTION WILL BE ABSORBED BY THE CVP TANKER FLEET AND OTHER GOV ENTITIES. THEY PLAN TO BUILD AT LEAST 50 TANKERS JUST FOR FOR THE CVP FLEET.

2. THE FIRST PHASE OF THE VENEZUELAN PLAN IS SITE SELECTION FOR THE TWO NEW SHIPYARDS. INVITATIONS TO TENDER BIDS TO SUPERVISE AND OVERSEE THE SITE SELECTION STUDY WILL BE PUBLISHED MAY 12 OR 13. ACCORDING TO ANTONIO COLOMES, ASSISTANT VICE PRESIDENT OF CORPORACION VENEZOLANA DE INDUSTRIA NAVAL (COVINCA), THE FIRST INVITATION TO TENDER BIDS WILL BE A PRESELECTION PROCEDURE TO SELECT ARCHITECHTURAL ENGINEERING FIRMS TO SERVE AS TECHNICAL ADVISORS TO COVINCA.

3. COVINCA IS A COMPANY NOT ESTABLISHED BY GOVERNMENT DECREE
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ALTHOUGH 100 PER CENT GOV OWNED. RATHER, IT IS A REGISTERED

COMPANY REGISTERED IN VALENCIA IN THE STATE OF CARABODO. ACCORDING TO MR. COLOMES, THE COMPANY WAS ESTABLISHED AS A COMPANIA ANONIMA IN ORDER TO KEEP IT OUT OF THE LIMELIGHT AS A GOVERNMENT CORPORATION AND FURTHER TO KEEP THE DOOR OPEN SHOULD THE COMPANY WISH, AT A LATER DATE, TO ACCEPT FOREIGN PARTICIPATION. THIS LATTER PROSPECT, COLOMES INDICATES, IS ALMOST SURE TO OCCUR.

4. VICE ALMIRANTE SEIJAS, WHO IS PRESIDENT OF COVINCA, IS A 1947 GRADUATE OF ANNAPOLIS. MR. COLOMES IS A NAVAL ARCHITECT AND RECEIVED HIS EDUCATION AT THE UNIVERSITY OF MICHIGAN, AND WHILE BOTH OF THEM FAVOR US TECHNOLOGY AND EQUIPMENT, THERE IS PRESSURE ON THEM, AS PART OF THE GOVERNMENT'S OVERALL POLICY, TO DIVERSIFY COMMERCIAL CONTACTS ON AN INTERNATIONAL BASIS. COLOMES INDICATED THAT THE ITALIANS ARE MAKING EXTREME EFFORTS TO BECOME A PRINCIPAL SOURCE OF SUPPLY TO THE NEW COMPANY, AS ARE THE SPANIARDS. INDEED, AT THE MOMENT, ADM. SEIJAS IS TOURING ITALIAN SHIPYARDS AS A GUEST OF THE ITALIAN GOVERNMENT WHILE DR. GONAZLO PENALOSA, THE VICE PRESIDENT OF COVINCA, IS ENJOYING THE SAME TYPE OF TOUR IN SPAIN. MR. COLOMES LEAVES FOR YUGOSLAVIA NEXT WEEK ON A SIMILAR JUNKET.

5. IN VIEW OF THIS TYPE OF COMPETITION, THE EMBASSY HAS NOMINATED IN SEPTEL VICE ADMIRAL JOSE CONSTANTINO SEIJAS VILLALOBOS, PRESIDENT OF COVINCA OR ALTERNATELY ANTONIO COLOMES, ASST. VICE PRESIDENT, COVINCA, FOR AN INTERNATIONAL VISITOR'S PROGRAM GRANT TO MAKE A FAMILIARIZATION TOUR OF THE US SHIP BUILDING INDUSTRY, BEGINNING ON OR ABOUT JULY 1, 1975.

6. THE EMBASSY WOULD PROPOSE TO SEND H DARWIN SWETT, COMMERCIAL ATTACHE, TO ACCOMPANY CONVINCA EXECUTIVE. SWETT COULD COMMENCE TRAVEL ONE OR TWO DAYS BEFORE JULY 1 AND MEET CONVINCA EXECUTIVE IN WASHINGTON. NAMES OF COMPANIES OF GREATEST INTEREST TO COVINCA AS SOURCE OF BOTH TECHNOLOGY AND MATERIAL BEING WORKED OUT WITH COVINCA AND WILL BE SUPPLIED IN LATER MESSAGE, BUT WOULD INCLUDE BUREAU OF SHIPS, DAVID TAYLOR TESTING BASIS, TODD SHIPYARDS, SEVERAL FIRMS IN NEW ORLEANS AREA, CONTROL DATA CORPORATION IN MINNEAPOLIS, AND INFORMATION HANDLING SERVICES IN DENVER. SHLAUDEMAN

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